

Stellar Diamonds PLC

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Stellar Diamonds' board recommends Newfield Resources merger

Stellar Diamonds PLC's (LON:STEL) board is recommending a merger with Australian company Newfield Resources Limited, which also operates in Sierra Leone.

The deal was flagged at the start of last month and the two groups have now agreed terms.

READ: Stellar Diamonds reflects on "extremely difficult" market for funding and looks ahead to sale of company
Newfield will offer shares to the equivalent 12.5p per Stellar share (pre-rights issue), which values the diamond miner at £7.74mln.

The Aussie company will lend Stellar US\$3mln to help it over its immediate short-term cash needs, while undertaking a right issue to raise A\$30mln to re-finance the enlarged group.

Existing Stellar shareholders will own 8.14% of the group following the merger and financing.

The two boards believe that merger and funding will enable the Tongo-Tonguma diamond project to start commercial production.

NWF's own exploration in Sierra Leone has discovered kimberlites in its licence areas while bulk sampling from some alluvial deposits has resulted in diamond sales at over US\$450 per carat.

Tongo-Tonguma lies to the north-east of NWF's Allotropes diamond project.

Shares in Stellar rose by 50% to 7.38p.

--adds share price--

Price: 5.9p

Market Cap: £3.66M

1 Year Share Price Graph



Share Information

Code: STEL

Listing: AIM

52 week High Low
8.8704334917p 2p

Sector: General Mining - Diamonds & Gemstones

Website: stellar-diamonds.com

Company Synopsis:

Advancing two diamond projects with multi-million carat potential to production in West Africa with a focus on imminent trial mining at Baoulé to generate early cash flow.

Author:

Proactive Investors Ltd

+44 (0)207 989 0813

action@proactiveinvestors.com

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Contact us +44 (0)207 989 0813 action@proactiveinvestors.com

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